

REMARKS:

Claims 1-37 are currently pending in the application.

Claims 1-11, 13-23, 25-35, and 37 stand rejected under 35 U.S.C. § 102(e) over U.S. Patent No. 7,257,552 B1 to Franco (hereinafter “*Franco*”).

Claims 12, 24, and 36 stand rejected under 35 U.S.C. § 103(a) over *Franco* in view of Official Notice.

Applicant respectfully submits that all of Applicant’s arguments and amendments are without *prejudice* or *disclaimer*. In addition, Applicant has merely discussed example distinctions from the cited prior art. Other distinctions may exist, and as such, Applicant reserves the right to discuss these additional distinctions in a future Response or on Appeal, if appropriate. Applicant further respectfully submits that by not responding to additional statements made by the Examiner, Applicant does not acquiesce to the Examiner’s additional statements. The example distinctions discussed by Applicant are considered sufficient to overcome the Examiner’s rejections. In addition, Applicant reserves the right to pursue broader claims in this Application or through a continuation patent application. No new matter has been added.

I. Rejection Under 35 U.S.C. § 102(e) Over *Franco*

Claims 1-11, 13-23, and 25-35 stand rejected under 35 U.S.C. § 102(e) over *Franco*.

Applicant respectfully submits that Claims 1-37 contain unique and novel limitations that are not disclosed by *Franco*. Thus, Applicant respectfully traverses the Examiner’s rejection of Claims 1-11, 13-23, and 25-35 under 35 U.S.C. § 102(e) over *Franco*.

In rejecting Claim 1, the Examiner relies upon Figure 1, item 120 of *Franco*, provided below, to disclose a “user interface” as required by Claim 1:

FUNCTIONAL DIAGRAM OF CONSUMER PRODUCTS DISTRIBUTION SYSTEM

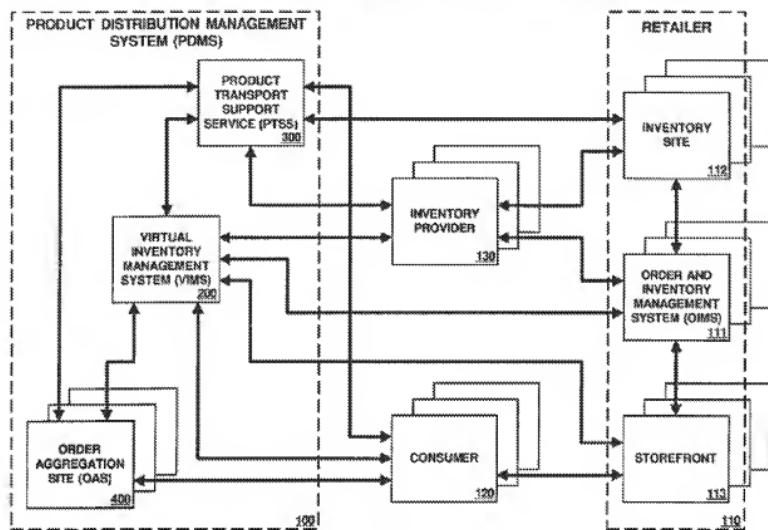


FIG. 1

Applicant respectfully disagrees with the Examiner's interpretation of item 120 of Figure 1 of *Franco* as a "user interface." By contrast, item 120 merely represents the consumer itself, which is not analogous to "one or more computer systems having a user interface" as required by Applicant's Claim 1. Applicant respectfully submits that a consumer is a person or entity and cannot properly be considered a user interface. As such, *Franco* fails to disclose a "user interface" as required by Claim 1.

The Examiner further relies upon item 113 of Figure 1 of *Franco* to provide disclosure of a "quote system" as recited in Claim 1. Similarly, Applicant respectfully disagrees with the Examiner's analogy and respectfully submits that a storefront, as disclosed in *Franco*, merely represents, among other things, a place in which consumers may place an order. This is not

analogous to a “*quote system*” that “*receive[s], from the user interface, the consumer demand for the product and determine[s] [an] incentive based on an order lead time for the product . . . and communicate[s] the incentive to the user interface*” as required by Claim 1. Thus, *Franco* also fails to disclose this element of Claim 1.

The Examiner further relies upon column 52, lines 26-39 of the specification of *Franco*, provided below, to disclose “*receiv[ing], from the user interface, the consumer demand for the product and determine[ing] [an] incentive based on an order lead time for the product wherein the order lead time for the product represents a time difference between the future date and the current date, the order lead time is longer than a supply channel delay between a downstream supply chain entity and an upstream supply chain entity, and the incentive reflects cost savings to the downstream supply chain entity associated with the order lead time,*” as required by Claim 1:

To support Predictive Purchasing, the VIMS can provide specialized application programs that estimate supply chain cost savings resulting from Predictive Purchasing and correlate such savings with the Predictive Purchase Delay (PPD). As used herein, Predictive Purchase Delay (PPD) is the time span between the time the consumer places a Predictive Purchase order and the time the consumer agrees to take possession of the goods purchased. The specialized application programs also correlate the PPD to the incentive price discounts offered to consumers to enable retailers to tailor incentive discounts to the markets they serve and the business models they use. In general, *the longer the PPD is, the larger the achievable supply chain cost savings and the incentive price discounts are.* (Emphasis added).

Applicant respectfully submits that *Franco* merely discloses, among other things, the fact that the length of the “Predictive Purchase Delay” is directly proportional to the amount of achievable supply chain cost savings and incentive price discounts. The portion of *Franco* relied upon by the Examiner is silent, and thus, fails to disclose “*determine[ing] [an] incentive based on an order lead time for the product wherein the order lead time for the product represents a time difference between the future date and the current date, the order lead time is longer than a supply channel delay between a downstream supply chain entity and an upstream supply chain entity, and the incentive reflects cost savings to the downstream supply chain entity associated with the order lead time,*” as required by Claim 1. The mere existence of a directly proportional relationship between the “Predictive Purchase Delay” and achievable supply cost savings and incentive price discounts nowhere suggests that a determination of an incentive *based on an order lead time*

wherein...the order lead time is longer than a supply channel delay between a downstream supply chain entity and an upstream supply chain entity" is made. Accordingly, *Franco* also fails to disclose this element of Claim 1.

As discussed in detail above, *Franco* fails to disclose each and every element of Applicant's Claim 1 as is required for the Examiner to maintain a rejection of this claim under 35 U.S.C. § 102 as anticipated by *Franco*. Thus, Applicant respectfully requests that the rejections under 35 U.S.C. § 102 be withdrawn.

II. Applicant's Claims are Patentable over Franco

Applicant respectfully submits that the allegation in the present Final Office Action that *Franco* discloses all of the claimed features is respectfully traversed. Further, it is noted that the Office Action provides no concise explanation as to how *Franco* is considered to anticipate all of the limitations in Applicant's claims. *A prior art reference anticipates the claimed invention under 35 U.S.C. § 102 only if each and every element of a claimed invention is identically shown in that single reference.* MPEP § 2131. Applicant respectfully points out that "*it is incumbent upon the [E]xaminer to identify wherein each and every facet of the claimed invention is disclosed in the applied reference.*" Ex parte Levy, 17 U.S.P.Q.2d (BNA) 1461, 1462 (Pat. & Tm. Off. Bd. Pat. App. & Int. 1990). Applicant respectfully submit that the Office Action has failed to establish a *prima facie* case of anticipation in Applicant's claims under 35 U.S.C. § 102 with respect to *Franco* because *Franco* fails to identically disclose every element of Applicant's claimed invention, arranged as they are in Applicant's claims.

Thus, for at least the reasons set forth herein, Applicant respectfully submits that Claims 1-37 are not anticipated by *Franco*. Applicant further respectfully submits that claims 1-37 are in condition for allowance. Thus, Applicant respectfully requests that the rejection of Applicants claims under 35 U.S.C. § 102(e) be reconsidered and that Claims 1-37 be allowed.

III. Rejection Under 35 U.S.C. § 103(a) Over *Franco* in view of Official Notice

Claims 12, 24, and 36 stand rejected under 35 U.S.C. § 103(a) over *Franco* in view of Official Notice.

Applicant respectfully submits that Claims 12, 24, and 36 in their current form contain unique and novel limitations that are not taught, suggested, or even hinted at in *Franco* or the Official Notice, either individually or in combination. Thus, Applicant respectfully traverses the Examiner's obviousness rejection of Claims 12, 24, and 36 under 35 U.S.C. § 103(a) over the proposed combination of *Franco* or the Official Notice, either individually or in combination.

A. The Office Action Acknowledges that *Franco* Fails to Disclose Various Limitations Recited in Applicants Claims

Applicant respectfully submits that the Office Action acknowledges, and Applicant agrees, that *Franco* fails to disclose various limitations recited in Claims 12, 24, and 36. Specifically the Examiner acknowledges that *Franco* fails to teach "wherein, if the consumer chooses to receive the product at the PFD rather than the current date in exchange for the PI, the consumer makes an initial payment to the retailer at the current date based on one or more costs to the DE associated with cancellation of the order." (30 April 2009 Final Office Action, pages 21-22). However, the Examiner asserts Official Notice over the shortcomings in *Franco*. Applicant respectfully traverses the Examiner's taking of Official Notice.

B. The Examiner's Official Notice is Improper under MPEP § 2144.03

Applicant respectfully submits that Applicant is confused as to what the Examiner teaches by the Official Notice or even to the extent in which the Examiner is taking Official Notice. Applicant respectfully requests clarification as to the subject matter for which Official Notice is being taken. *Applicant respectfully traverses the Official Notice because the asserted facts, as best understood by Applicant, are not supported by substantial documentary evidence or any type of documentary evidence* and appear to be the Examiner's opinions formulated using the subject Application as a template, which constitutes impermissible use of hindsight. Furthermore, under these circumstances, it is inappropriate for the Examiner to take Official Notice without

documentary evidence to support the Examiner's conclusion. (See MPEP § 2144.03). *Applicant respectfully requests the Examiner to produce authority for the Examiners Official Notice.*

Only "in limited circumstances," is it "appropriate for an examiner to take official notice of facts not in the record or to rely on common knowledge in making a rejection". (MPEP § 2144.03). "Official notice unsupported by documentary evidence **should only be taken by the examiner** where the facts asserted to be well-known, or to be common knowledge in the art are **capable of instant and unquestionable demonstration as being well-known**.

With respect to the subject Application, the Examiner's statement that:

Official Notice is taken that it is well known for vendors to charge fees or penalties or liquidated damages for cancellation of order to protect vendors from breach of contract by buyers. Usually a deposit or initial payment would be such liquidated damages. An example is loss of deposit in cancellation of buying a house or cancellation of a custom product e.g. a car.

is not capable of instant and unquestionable demonstration as being well-known. (30 April 2009 Final Office Action, page 22). As noted by the court in *In re Ahlert*, 424 F.2d 1088, 1091, 165 USPQ 418, 420 (CCPA 1970), the notice of facts beyond the record which may be taken by the examiner must be '**capable of such instant and unquestionable demonstration as to defy the dispute**' (citing *In re Knapp Monarch Co.*, 296 F.2d 230, 132 U.S.P.Q. 6 (C.C.P.A. 1961))." (MPEP § 2144.03(A)). (Emphasis Added).

"It is **never appropriate to rely solely on "common knowledge" in the art without evidentiary support in the record**, as the principal evidence upon which a rejection was based. *Zurko*, 258 F.3d at 1385, 59 USPQ2d at 1697. As the court held in *Zurko*, an assessment of basic knowledge and common sense that is not based on any evidence in the record lacks substantial evidence support. *Id.* at 1385, 59 USPQ2d at 1697. See also *In re Lee*, 277 F.3d 1338, 1344-45, 61 USPQ2d 1430, 1434-35 (Fed. Cir. 2002)." (MPEP § 2144.03(A)).

"Ordinarily, there must be some form of evidence in the record to support an assertion of common knowledge. See *Lee*, 277 F.3d at 1344-45, 61 USPQ2d at 1434-35 (Fed. Cir. 2002); *Zurko*, 258 F.3d at 1386, 59 USPQ2d at 1697 (holding that **general conclusions concerning what is "basic knowledge" or "common sense" to one of ordinary skill in the art without specific factual**

findings and some concrete evidence in the record to support these findings will not support an obviousness rejection). The examiner must provide specific factual findings predicated on sound technical and scientific reasoning to support his or her conclusion of common knowledge. See *Soli*, 317 F.2d at 946, 37 USPQ at 801; *Chevenard*, 139 F.2d at 713, 60 USPQ at 241. The applicant should be presented with the explicit basis on which the examiner regards the matter as subject to official notice and be allowed to challenge the assertion in the next reply after the Office action in which the common knowledge statement was made.” (MPEP § 2144.03(B)). (Emphasis Added).

Applicant respectfully submits that the Office Action provides no documentary evidence to support the Official Notice taken by the Examiner, yet the asserted facts are not capable of “instant and unquestionable” demonstration as being well-known. Applicant further respectfully submits that Applicant has adequately traversed the Examiners assertion of Official Notice and directs the Examiner’s attention to the pertinent text of the MPEP, which states:

If applicant adequately traverses the examiner’s assertion of official notice, the examiner must provide documentary evidence in the next Office action if the rejection is to be maintained. See 37 CFR 1.104(c)(2). See also *Zurko*, 258 F.3d at 1386, 59 USPQ2d at 1697 (“[T]he Board [or examiner] must point to some concrete evidence in the record in support of these findings” to satisfy the substantial evidence test). If the examiner is relying on personal knowledge to support the finding of what is known in the art, the examiner must provide an affidavit or declaration setting forth specific factual statements and explanation to support the finding. See 37 CFR 1.104(d)(2). (MPEP § 2144.03(C)).

Thus, if the Examiner continues to maintain the rejection of Claims 12, 24, and 36 based on the Official Notice, *Applicant respectfully requests that the Examiner provide documentary evidence as necessitated by MPEP § 2144.03(C)*. Furthermore, if the Examiner is relying on personal knowledge to support the finding of what is known in the art, *Applicant further respectfully requests that the Examiner provide an affidavit or declaration setting forth specific factual statements and explanation to support the finding as further necessitated by MPEP § 2144.03(C)*.

C. The Final Office Action Fails to Properly Establish a *Prima Facie* case of Obviousness over the Proposed Franco-Official Notice Combination According to the UPSTO Examination Guidelines

Applicant respectfully submits that the Office Action fails to properly establish a *prima facie* case of obviousness based on the proposed combination of *Franco* or the Examiner's Official Notice, either individually or in combination, and in particular, the Office Action fails to establish a *prima facie* case of obviousness based on the "Examination Guidelines for Determining Obviousness Under 35 U.S.C. 103 in View of the Supreme Court Decision in *KSR International Co. v. Teleflex Inc.*" (the "Guidelines").

As reiterated by the Supreme Court in *KSR International Co. v. Teleflex Inc. (KSR)*, the framework for the objective analysis for determining obviousness under 35 U.S.C. 103 is stated in *Graham v. John Deere Co.* (383 U.S. 1, 148 USPQ 459 (1966)). Obviousness is a question of law based on underlying factual inquiries. These factual inquiries enunciated by the Court are as follows:

- (1) Determining the scope and content of the prior art;
- (2) Ascertaining the differences between the claimed invention and the prior art; and
- (3) Resolving the level of ordinary skill in the pertinent art.

(Notice, 72 Fed. Reg. 57527 (Oct. 10, 2007)). Objective evidence relevant to the issue of obviousness must be evaluated by Office personnel. (383 U.S. 17–18, 148 USPQ 467 (1966)). As stated by the Supreme Court in *KSR*, "While the sequence of these questions might be reordered in any particular case, the [Graham] factors continue to define the inquiry that controls." (*KSR*, 550 U.S. at __, 82 USPQ2d at 1391).

However, it is important to note that the Guidelines require that Office personnel "*ensure that the written record includes findings of fact* concerning the state of the art and the teachings of the references applied. (Notice, 72 Fed. Reg. 57527 (Oct. 10, 2007)). In addition, the Guidelines remind Office personnel that the "*factual findings made by Office personnel are the necessary underpinnings to establish obviousness.*" (*id.*). Further, "*Office personnel must provide an explanation to support an obviousness rejection* under 35 U.S.C. 103. (*id.*). In fact, "35 U.S.C. 132 requires that the applicant be notified of the reasons for the rejection of the claim so that he or she can decide how best to proceed" and "clearly setting forth findings of fact and the rationale(s) to support a rejection in an Office action leads to the prompt resolution of issues pertinent to patentability." (*id.*).

With respect to the subject application, the Office Action has not shown the *factual findings necessary to establish obviousness* or even *an explanation to support the obviousness rejection* based on the proposed combination of *Franco* and the Examiner's Official Notice. The Office Action merely states:

Official Notice is taken that it is well known for vendors to charge fees or penalties or liquidated damages for cancellation of order to protect vendors from breach of contract by buyers. Usually a deposit or initial payment would be such liquidated damages. An example is loss of deposit in cancellation of buying a house or cancellation of a custom product e.g. a car.

(30 April 2009 Final Office Action, page 22). Applicant respectfully disagrees and respectfully submits that the Examiner's conclusory statement is not sufficient to establish the *factual findings necessary to establish obviousness* and is not a sufficient *explanation to support the obviousness rejection* based on the proposed combination of *Franco* and the Examiner's Official Notice.

The Guidelines further provide guidance to Office personnel in "determining the scope and content of the prior art" such as, for example, "Office personnel must first obtain a thorough understanding of the invention disclosed and claimed in the application." (Notice, 72 Fed. Reg. 57527 (Oct. 10, 2007)). The scope of the claimed invention must be clearly determined by giving the claims the "broadest reasonable interpretation consistent with the specification." (See *Phillips v. AWH Corp.*, 415 F.3d 1303, 1316, 75 USPQ2d 1321, 1329 (Fed. Cir. 2005) and MPEP § 2111.). In addition, the Guidelines state that any "*obviousness rejection should include*, either explicitly or implicitly in view of the prior art applied, *an indication of the level of ordinary skill.*" (Notice, 72 Fed. Reg. 57528 (Oct. 10, 2007)). With respect to the subject Application, the Office Action has not provided *an indication of the level of ordinary skill*.

The Guidelines still further provide that once the *Graham* factual inquiries are resolved, Office personnel must determine whether the claimed invention would have been obvious to one of ordinary skill in the art. (*Id.*). For example, the Guidelines state that *Office personnel must explain why the difference(s) between the prior art and the claimed invention would have been obvious to one of ordinary skill in the art.* (*Id.*). In addition, the Guidelines state that the proper analysis is *whether the claimed invention would have been obvious to one of ordinary skill in the art after consideration of all the facts.* (*Id.* and See 35 U.S.C. 103(a)).

With respect to the subject Application, the Office Action has not expressly resolved any of the *Graham* factual inquiries to determine whether Applicant's invention would have been obvious to one of ordinary skill in the art. In addition, the Office Action fails to *explain why the difference(s) between the proposed combination of Franco, the Examiner's Official Notice, and Applicant's claimed invention would have been obvious to one of ordinary skill in the art*. The Office Action merely states that "it would have been obvious to a PHOSITA to add such customary practice to the system of Franco to protect vendors." (30 April 2009 Final Office Action, page 22). Applicant respectfully disagrees and further respectfully requests clarification as to how this statement *explains why the difference(s) between the proposed combination of Franco, the Examiner's Official Notice, and Applicant's claimed invention would have been obvious to one of ordinary skill in the art*. Applicant further respectfully submits that the Examiner is using the subject Application as a template to formulate reconstructive hindsight, which constitutes impermissible use of hindsight under 35 U.S.C. § 103(a).

The Guidelines yet further state that the "key to supporting any rejection under 35 U.S.C. 103 is the *clear articulation of the reason(s) why the claimed invention would have been obvious.*" (Notice, 72 Fed. Reg. 57528 (Oct. 10, 2007)). In fact, the Supreme Court in *KSR* noted that "*the analysis supporting a rejection under 35 U.S.C. 103 should be made explicit.*" (*id.*). The Court quoting *In re Kahn* (441 F.3d 977, 988, 78 USPQ2d 1329, 1336 (Fed. Cir. 2006)), stated that "[R]ejections on *obviousness cannot be sustained by mere conclusory statements*; instead, there *must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.*" (*KSR*, 550 U.S. at __, 82 USPQ2d at 1396). The Guidelines provide the following seven rationales:

- (A) Combining prior art elements according to known methods to yield predictable results;
- (B) Simple substitution of one known element for another to obtain predictable results;
- (C) Use of known technique to improve similar devices (methods, or products) in the same way;
- (D) Applying a known technique to a known device (method, or product) ready for improvement to yield predictable results;
- (E) "Obvious to try"—choosing from a finite number of identified, predictable solutions, with a reasonable expectation of success;
- (F) Known work in one field of endeavor may prompt variations of it for use in either the same field or a different one based on design incentives or other

market forces if the variations would have been predictable to one of ordinary skill in the art;

(G) Some teaching, suggestion, or motivation in the prior art that would have led one of ordinary skill to modify the prior art reference or to combine prior art reference teachings to arrive at the claimed invention.

Applicant respectfully submits that the *Office Action fails to provide any articulation, let alone, clear articulation of the reasons why Applicant's claimed invention would have been obvious*. For example, the *Examiner has not adequately supported the selection and combination of Franco and the Examiner's Official Notice to render obvious Applicant's claimed invention*. The Examiner's unsupported conclusory statements that:

Official Notice is taken that it is well known for vendors to charge fees or penalties or liquidated damages for cancellation of order to protect vendors from breach of contract by buyers. Usually a deposit or initial payment would be such liquidated damages. An example is loss of deposit in cancellation of buying a house or cancellation of a custom product e.g. a car. Thus it would have been obvious to a PHOSITA to add such customary practice to the system of Franco to protect vendors.

(30 April 2009 Final Office Action, page 22). However, Applicant respectfully submits that the Examiner's unsupported conclusory statement *does not adequately provide clear articulation of the reasons why Applicant's claimed invention would have been obvious*. In addition, the Examiner's unsupported conclusory statement fails to meet any of the Guidelines rationales to render obvious Applicant's claimed invention.

Thus, if the Examiner continues to maintain the obvious rejection based on the proposed combination of *Franco* and the Examiner's Official Notice, *Applicant respectfully requests that the Examiner provide proper support for the obviousness rejection under 35 U.S.C. 103 as necessitated by the Guidelines, including a statement by the Examiner identifying which one of the seven rationales the Examiner is relying on and the proper analysis of that particular rationale, as required by the Guidelines*.

IV. Applicant's Claims are Patentable over the Proposed *Franco*-Official Notice Combination

Applicant respectfully submits that, as discussed above, independent Claims 1, 13, 25, and 37 are considered patentably distinguishable over *Franco*. This being the case, dependent Claims 12, 24, and 36 are considered patentably distinguishable over the proposed combination of *Franco* and the Examiner's Official Notice, for at least the reason of depending from an allowable claim as well as for further distinctions.

Thus, the Applicant respectfully submits that Claims 12, 24, and 36 are not rendered obvious by the proposed combination of *Franco* and the Examiner's Official Notice. Applicant further respectfully submits that Claims 12, 24, and 36 are in condition for allowance. Thus, Applicant respectfully requests that the rejection of Claims 12, 24, and 36 under 35 U.S.C. § 103(a) be reconsidered and that Claims 12, 24, and 36 be allowed.

CONCLUSION:

In view of the foregoing amendments and remarks, this application is considered to be in condition for allowance, and early reconsideration and a Notice of Allowance are earnestly solicited.

Although Applicant believe no fees are deemed to be necessary; the undersigned hereby authorizes the Commissioner to charge any additional fees which may be required, or credit any overpayments, to **Deposit Account No. 500777**. If an extension of time is necessary for allowing this Response to be timely filed, this document is to be construed as also constituting a Petition for Extension of Time Under 37 C.F.R. § 1.136(a) to the extent necessary. Any fee required for such Petition for Extension of Time should be charged to **Deposit Account No. 500777**.

Please link this application to Customer No. 53184 so that its status may be checked via the PAIR System.

Respectfully submitted,

30 June 2009
Date

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